Michigan Deptartment of Treasury 496 (2-04)

Auditing Proced ssued under P.A. 2 of 1968, as amend		ort				
Local Government Type City Township	Village ✓Other	Local Government Name	WASTE AUTHO	RITY	County SAGI	NAW
Audit Date 12/31/05	Opinion Date 4/5/06	Date A 4/27	ccountant Report Submit	ted to State:		
We have audited the financia accordance with the Statemerical Statements for Cour	ents of the Governi	mental Accounting	Standards Board (GASB) and the	e Uniform F	Reporting Format for
We affirm that: 1. We have complied with the	ne Bulletin for the Au	dits of Local Units o	f Government in Mic	<i>higan</i> as revise	d.	
We are certified public ac						
We further affirm the following comments and recommendati	g. "Yes" responses h	•	-	ments, includin	g the notes,	or in the report of
You must check the applicable	e box for each item b	elow.				
Yes No 1. Certa	ain component units/	funds/agencies of th	ne local unit are excl	uded from the f	inancial stat	lements.
	e are accumulated of 1980).	deficits in one or mo	ore of this unit's uni	reserved fund b	palances/reta	ained earnings (P.A.
	re are instances of anded).	non-compliance with	h the Uniform Acco	unting and Bu	dgeting Act	(P.A. 2 of 1968, as
Yes No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.						
	local unit holds dep mended [MCL 129.9			•	requirement	ts. (P.A. 20 of 1943,
Yes ✓ No 6. The	local unit has been d	lelinquent in distribu	ting tax revenues that	at were collecte	d for anothe	r taxing unit.
Yes No 7. pens		l costs) in the curre	nt year. If the plan	is more than 1	00% funded	current year earned and the overfunding year).
_	local unit uses cred L 129.241).	dit cards and has n	ot adopted an app	licable policy a	s required t	by P.A. 266 of 1995
Yes 🗹 No 9. The	local unit has not ad	opted an investmen	t policy as required t	by P.A. 196 of 1	997 (MCL 1	29.95).
We have enclosed the folio	owing:			Enclosed	To Be Forward	
The letter of comments and	recommendations.					✓
Reports on individual federal	I financial assistance	programs (program	audits).			✓
Single Audit Reports (ASLGU).				✓		
Certified Public Accountant (Firm Name) BERTHIAUME & COMPANY CPAs						
Street Address 60 HARROW LANE			SAGINAW		State MI	48638
Accountant Signature	a. Benta	aune			Date 4-0	77-06

Saginaw County, Michigan

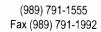
FINANCIAL STATEMENTS

December 31, 2005 and 2004

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees Mid Michigan Waste Authority Saginaw, Michigan

We have audited the statement of net assets of the Mid Michigan Waste Authority as of December 31, 2005 and 2004, and the related statements of revenues, expenses and changes in cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements as of and for the year ended December 31, 2004. Those financial statements were audited by other auditors and, in their report dated May 18, 2005, they expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mid Michigan Waste Authority as of December 31, 2005 and 2004, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mid Michigan Waste Authority's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the basic financial statements.

April 5, 2006

Berthiaum & Co.

STATEMENT OF NET ASSETS

December 31, 2005 and 2004

	 2005		2004	
		i	Restated	
Assets:				
Cash and cash equivalents	\$ 97,958	\$	250	
Due from other governmental units				
Billed services to members	1,199,108		1,767,564	
Rebalanced member deposits	112,735		-	
Refund due to members - 2004	 		(244,432)	
Due from other governmental units, net	 1,311,843		1,523,132	
Total assets	 1,409,801		1,523,382	
Liabilities:				
Checks written against future deposits	-		244,424	
Accounts payable	494,276		510,576	
Payroll related liabilities	3,100		608	
Member deposits	 691,505		547,084	
Total liabilities	 1,188,881		1,302,692	
Net assets:				
Unrestricted	\$ 220,920	\$	220,690	

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

December 31, 2005 and 2004

	2005	2004
		Restated
Operating revenues		
Albee Township	\$ 74,269	\$ 74,373
Bethany Township	3,406	-
Birch Run, Village of	38,762	37,371
Birch Run Township	154,711	132,554
Blumfield Township	68,537	69,958
Brady Township	64,384	63,853
Brant Township	4,840	-
Breckenridge, Village of	45,882	-
Bridgeport Charter Township	461,802	465,315
Buena Vista Township	361,242	364,009
Carrollton Township	254,985	256,198
Chapin Township	43,196	42,796
Chesaning, Village of	107,354	106,943
Chesaning Township	94,650	92,711
Frankenmuth, City of	159,154	161,663
Frankenmuth Township	74,857	74,381
Fremont Township	74,256	73,260
James Township	87,342	88,241
Jonesfield Township	32,815	33,270
Kochville Township	86,862	85,549
Lakefield Township	38,634	38,213
Maple Grove Township	100,130	101,086
Marion Township	37,884	-
Merrill, Village of	25,476	23,181
Richland Township	132,408	134,739
Saginaw, City of	1,865,597	1,236,514
Saginaw Charter Township	1,380,131	1,375,806
St. Charles, Village of	70,203	71,945
St. Charles Township	58,937	59,593
Spaulding Township	97,622	98,682
Swan Creek Township	80,880	82,802
Thomas Township	459,470	457,580
Tittabawassee Township	309,937	301,726
Zilwaukee, City of	82,138	82,204
Saginaw County - Contracted services	320,750	252,500
Other revenue	11,440	7,191
Total operating revenues	7,364,943	6,546,207

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS, CONTINUED

December 31, 2005 and 2004

	2005	2004 Restated
Operating expenses	\$ 7,387,521	\$ 6,505,210
Operating income (loss)	(22,578)	40,997
Non-operating revenues Interest income	22,808	5,469
Net income	230	46,466
Net assets, beginning of year	220,690	174,224
Net assets, end of year	\$ 220,920	\$ 220,690

STATEMENT OF CASH FLOWS

December 31, 2005 and 2004

		2005		2004
				Restated
Cash flows from operating activities				
Charges for services	\$	7,720,653	\$	5,912,391
Payments to suppliers		(7,502,349)		(6,032,825)
Payments to employees		(143,404)	_	(126,953)
Net cash provided (used) by operating activities		74,900	_	(247,387)
Cash flows from investing activities				
Interest earned		22,808		5,469
Net cash provided by investing activities		22,808		5,469
Net increase (decrease) in cash and cash equivalents		97,708		(241,918)
Cash and cash equivalents, beginning of year		250	_	242,168
Cash and cash equivalents, end of year	\$	97,958	\$	250
Reconciliation of operating income (loss) to net cash				
provided (used) by operating activities:				
Operating income (loss)	\$	(22,578)	\$	40,996
(Increase) decrease in assets		, , ,		,
Due from other governmental units		211,289		(636,226)
Prepaid expenses		-		1,262
Increase (decrease) in liabilities				
Checks written against future deposits		(244,424)		244,424
Accounts payable		(16,300)		101,416
Member deposits		144,421		2,411
Payroll related liabilities	_	2,492		(1,670)
Net cash provided (used) by operating activities	\$	74,900	\$	(247,387)

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mid Michigan Waste Authority was created by twelve municipal corporations within Saginaw County under Act 233, Public Acts of Michigan, 1955. It was created in 1991 for the purpose of acquiring, owning, improving, enlarging, extending and operating a solid waste management system, excluding incinerators, in accordance with the Enabling Act and to perform any other functions permitted by the Enabling Act. The Authority is made up of 34 members as of December 31, 2005.

The accounting policies of the Mid Michigan Waste Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity:

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. The Mid Michigan Waste Authority is the primary government which has oversight responsibility and control over all activities. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Authority (the primary government) and do not include any other component units within its financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The financial activities of the Authority are recorded within one fund, categorized and described as follows:

Proprietary Fund – Used to account for ongoing organizations and activities that are similar to those found in the private sector.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in proprietary fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. In accordance with GASB Statement 20, the Authority has elected not to apply the FASB statements issued after December 1, 1989 to its financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

Assets, Liabilities and Equity

<u>Deposits</u> – Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit. For purposes of the statement of cash flows, the above are considered to be cash and cash equivalents.

<u>Due from Other Governmental Units</u> – Recognized for all significant amounts due to the Authority. No allowance for uncollectible accounts has been provided as management does not believe collection to be doubtful.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits: The Authority is authorized by the State of Michigan Public Act 217 of 1982 to deposit its funds in banks, savings and loan associations, or credit unions having their main offices in the State of Michigan.

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2005, \$1,130,541 of the Authority's bank balance of \$1,230,541 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized

\$ 1,130,541

NOTE 3: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority has purchased commercial insurance for all its insurance needs. Settled claims resulting from these risks have not exceeded the amount of insurance coverage in the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE 5: DUE FROM OTHER GOVERNMENTAL UNITS

The balance due from other governmental units at December 31, 2005 and 2004 consisted of:

	1			
	Billed	December 31, 20 Member	Net Due From	Net Due From
	Services	Deposit	2005	2004
Albee Township	\$ 13,186	\$ -	\$ 13,186	\$ 23,324
Bethany Township	3,406	4,447	7,853	<u>-</u>
Birch Run, Village of	6,037	-	6,037	1,605
Birch Run Township	25,335	-	25,335	20,992
Blumfield Township	16,911	-	16,911	9,193
Brady Township	10,514	-	10,514	13,791
Brant Township	4,840	6,784	11,624	-
Breckenridge, Village of	8,381	-	8,381	-
Bridgeport Charter Township	74,511	-	74,511	63,303
Buena Vista Township	88,942	-	88,942	84,682
Carrollton Township	41,628	-	41,628	31,598
Chapin Township	6,976	-	6,976	5,756
Chesaning, Village of	17,323	-	17,323	16,814
Chesaning Township	17,552	-	17,552	10,880
Frankenmuth, City of	24,972	-	24,972	19,700
Frankenmuth Township	12,799	-	12,799	9,159
Fremont Township	12,808	-	12,808	9,964
James Township	13,946	-	13,946	10,621
Jonesfield Township	5,268	-	5,268	3,974
Kochville Township	14,078	-	14,078	11,544
Lakefield Township	6,144	-	6,144	4,560
Maple Grove Township	16,175	-	16,175	14,184
Marion Township	6,192	-	6,192	-
Merrill, Village of	4,033	-	4,033	3,061
Richland Township	21,602	-	21,602	17,265
Saginaw, City of	301,498	101,504	403,002	842,814
Saginaw Charter Township	231,489	-	231,489	150,443
St. Charles, Village of	11,548	-	11,548	8,146
St. Charles Township	15,481	-	15,481	1,810
Spaulding Township	15,306	-	15,306	14,564
Swan Creek Township	12,896	-	12,896	9,315
Thomas Township	74,153	-	74,153	60,405
Tittabawassee Township	49,931	-	49,931	38,813
Zilwaukee, City of	13,247		13,247	10,852
	\$ 1,199,108	\$ 112,735	\$ 1,311,843	\$ 1,523,132

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE 6: MEMBER DEPOSITS

The balance of member deposits at December 31, 2005 and 2004 consisted of the following:

	2005	2004
Albee Township	\$ 6,427	\$ 6,427
Bethany Township	4,447	-
Birch Run, Village of	3,362	3,362
Birch Run Township	13,383	13,383
Blumfield Township	6,222	6,222
Brady Township	5,488	5,488
Brant Township	6,784	-
Breckenridge, Village of	4,455	-
Bridgeport Charter Township	45,895	43,160
Buena Vista Township	34,523	34,523
Carrollton Township	27,045	27,045
Chapin Township	3,658	3,658
Chesaning, Village of	10,225	9,074
Chesaning Township	10,601	10,601
Frankenmuth, City of	15,100	12,778
Frankenmuth Township	6,346	6,346
Fremont Township	6,104	6,104
James Township	8,944	8,944
Jonesfield Township	3,549	3,549
Kochville Township	8,061	8,061
Lakefield Township	3,033	3,033
Maple Grove Township	8,477	8,477
Marion Township	2,891	-
Merrill, Village of	2,411	2,411
Richland Township	11,624	11,624
Saginaw, City of	174,865	73,361
Saginaw Charter Township	144,100	132,511
St. Charles, Village of	8,769	6,864
St. Charles Township	5,133	5,133
Spaulding Township	8,845	8,845
Swan Creek Township	7,660	7,660
Thomas Township	43,350	41,996
Tittabawassee Township	29,174	25,890
Zilwaukee, City of	10,554	10,554
	<u>\$ 691,505</u>	\$ 547,084

Net assets, beginning of year, as restated

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE 7: PRIOR PERIOD ADJUSTMENT	
The net assets at December 31, 2004 were restated as follows:	
Net assets, beginning of year	\$ 218,346
December 2004 billing for St. Charles Township recorded incorrectly	5,353
Redistribution of recycle refund due to members for 2004 (FCR annual reconciliation)	(3,009)

220,690

SCHEDULE OF OPERATING EXPENSES

Years Ended December 31, 2005 and 2004

		2005	 2004
Accounting and auditing	\$	12,105	\$ 14,265
Collections		5,187,801	4,449,446
Composting		120,166	141,460
Disposal		1,489,991	1,354,285
Legal		4,617	6,078
Office support services		56,383	59,542
Salaries		143,404	126,953
Payroll taxes		10,997	14,580
Programming		298,153	192,815
Recycling	_	63,904	 145,786
Total operating expenses	\$	7,387,521	\$ 6,505,210